



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan
County Executive

M E M O R A N D U M

January 15, 2004

TO: Steven A. Silverman, President, Montgomery County Council

FROM: Douglas M. Duncan, County Executive

SUBJECT: Recommended FY05 Capital Budget and FY05-10 Capital Improvements Program

I am pleased to transmit to you, in accordance with the County Charter, my recommended FY05 Capital Budget and FY05-10 Capital Improvements Program (CIP). This CIP supports my long-standing priorities: education, transportation, economic development, public safety and re-investment in our infrastructure within available resources.

This recommendation maintains our commitment to quality education by supporting critical school capacity, modernization, capital maintenance, and health and safety projects in our public schools. I am recommending the Board of Education's full \$956.2 million request for the six year period. This recommendation increases the local share of school funding by 74.4 percent. The \$956.2 million represents a 50.1 percent increase from the most recent \$637.1 million six-year program. Investment in school modernization increases \$98.9 million, an average increase of \$16.5 million per year.

The next steps in our Go Montgomery! transportation initiative include three new roadway projects, Father Hurley Boulevard Extended, Burtonsville Access Road and Quince Orchard Road, and construction funding for Nebel Street. Construction at the Brookville Depot and design for expansion at the Equipment Maintenance Operations Center (EMOC) and a new North County Depot will provide the infrastructure necessary to support increased transit operations. I recommend increasing our commitment to roadway resurfacing by more than 80 percent, in order to improve traffic flow and preserve our infrastructure. Renew Montgomery continues our support to revitalizing our older neighborhoods while our Main Street Montgomery program spruces up our older commercial areas.



Pedestrian and vehicle safety will improve through new sidewalk and storm drain projects in Bethesda and Chevy Chase, and increased funding for guardrails and streetlighting. This year we have examined all of our projects to assure attention to pedestrian and bicycle safety impacts and compliance with the requirements of the Americans with Disabilities Act of 1991. Traffic signals, streetlights, crosswalks, bus stops, ADA ramps, bikeways, and other pertinent issues have been considered in the design of all projects.

Total spending for the transportation program has increased modestly, from \$454.5 million to \$462.0 million, or 1.7 percent; however local G.O. bond and current revenue investment in our transportation program increases 23.2 percent, from \$263.1 million to \$324.2 million. Until the State joins us in providing additional transportation funding, I recommend we support our Go Montgomery! efforts with local tax resources. We must focus our efforts at the State level to secure funding to ease our traffic congestion, including State financial commitments to the Corridor Cities Transitway, InterCounty Connector and the Purple Line as significant steps towards a comprehensive approach to Montgomery County and regional transportation needs.

We have added support for downtowns in Wheaton, Rockville, Burtonsville and Fenton Street Village to our ongoing efforts in South Silver Spring, Kensington, Glenmont and Long Branch. In the past year we have opened the AFI Silver Theatre and Round House Theatre and supported numerous private business and shopping opportunities, which together form a vibrant and bustling downtown Silver Spring.

I recommend planning for business incubators in the eastern County and at Montgomery College's Germantown campus, to complement the successful incubator programs at Shady Grove and Silver Spring. I also propose to invest an additional \$8.0 million annually in the College Information Technology program. Educating our workforce on the latest technology will support our economic development plans. I am also recommending the necessary increases to bring to successful completion our new Montgomery College campus in Takoma Park.

As long-planned renovation begins at our Public Safety Training Academy, I recommend we expand the complex to include a helipad and large assembly space and also renovate the firing range and fitness space. I also propose a new Travilah Fire Station on the site, to provide local fire and rescue service and support the training curriculum. Coupled with the recent inauguration of our Public Safety Communication facility and renovation of our Alternative Emergency Communications Center, this combination of public safety facilities will offer a significant regional homeland security presence.

Support for our fire and rescue service also includes: new or replacement fire stations in Silver Spring, Takoma Park, East and West Germantown, and Clarksburg;

Steven A. Silverman
January 15, 2004
Page 3

collaboration with local volunteer fire departments to relocate the Wheaton Rescue Squad and renovate Cabin John Station #30; and expansion at the Burtonsville Station. I continue to support the approved new police stations in the Upcounty and in Silver Spring. I am also recommending improvements to the Sheriff's holding facilities in the District and Circuit Courthouses in Rockville, expansion of the Judicial Center and the addition of a Correction and Rehabilitation Information Management System (CRIMS) to our Integrated Justice Information System project.

This CIP maintains our current renovation program and our commitment to maintenance of our infrastructure. I recommend that we add renovation of the aging facilities at the Upcounty pool, Wheaton Library, Brookside Gardens, Pope Farm Nursery and the Black Hill Trail. Reconstruction and replacement of bridges on Brink Road over Goshen Branch No. M-63, Nicholson Lane No. M-113 and White Ground Road No. M-138 are also added to the program. I recommend the renovation of two park and ride lots in the eastern part of the County, and reconstruction of storm drainage which is undermining Park Lane. Increases are also recommended for life safety and systemic projects at Montgomery College, following the completion of their Facilities Condition Assessment. Our watershed restoration project in collaboration with the Corps of Engineers will expand our current activities from the Anacostia Watershed to all portions of the County which drain to the Potomac River.

I recommend adding senior centers to the currently planned recreation centers in North Bethesda, North Potomac and White Oak, and the County's first Skateboard Park in Olney. I also recommend that we pilot a new check-out system at the Germantown Library to improve customer service and staff efficiency. Finally, to provide better customer service and greater operational efficiency, I recommend a new climate controlled warehouse for beer and wine storage.

As our County matures, and we reach our projected full population, we face significant challenges finding sites for facilities to house public services. Land is becoming more expensive and scarce, making purchase for new facilities difficult. Further, many of our more industrial facilities, originally constructed far from population centers, are now surrounded by development, and the land they occupy is of interest for redevelopment. We are actively working to balance the placement of County facilities with community interests.

The fiscal plan underlying my recommended CIP reflects continued erosion of State school construction aid, lower State aid estimates, and the urgent demands of the Operating Budget as we move through continued slow economic times. General obligation borrowing assumed for the six year period is \$190 million per year, an increase of \$245 million or 27 percent from the approved CIP, consistent with the Council's Spending Affordability Guidelines (SAG) decision this past fall. I do not recommend increasing SAG in February, and urge the

Steven A. Silverman
January 15, 2004
Page 4

Council to resist pressure to do so. This CIP is consistent with conservative debt capacity levels necessary to ensure continuation of Montgomery County's AAA credit rating.

The new impact tax for schools is included in this recommendation. I have also included all estimated revenues from the increase of the recordation tax for the public schools and Montgomery College. These additional sources of funds for schools allow me to support the full six-year program proposed by the Board of Education. I will look to the Board to adjust their proposed schedule to fit within annual affordability limits and growth policy ceilings.

Consistent with our past practice, I am recommending prudent bond-funded set-asides for upcoming projects that are known but for which planning is not complete. I am also recommending \$600.8 million in PAYGO, Current Revenue and school impact tax funding across the six years to complement the use of bonds. This is an increase of \$258.7 million from the \$342.1 million in PAYGO and Current Revenue currently approved, an increase of 75.6 percent. Projected costs for the Recommended CIP can be paid for with no increase in property or income taxes.

For all agencies, excluding WSSC, this Recommended FY05-10 CIP totals \$2.18 billion for six years, an increase of \$327.7 million, or 17.7 percent from the previous CIP. This increase is due primarily to increased support for our public schools (\$319.1 million), Montgomery College (\$24.4 million), and M-NCPPC (\$21.7 million), and the addition of construction funding for a number of projects, offset by progress toward completion in a number of large general government projects.

For the tax supported portion of the Recommended CIP, the total is \$2.13 billion, an increase of \$321.2 million or 17.8 percent. The newly approved school impact tax is recommended at estimated levels. Other, more volatile funding sources are recommended at current levels, or are not programmed at all until the revenue is in hand.

I recommend a total of \$515.8 million for WSSC, consistent with WSSC's proposed budget and our need to support capital investment at Blue Plains. After six years without a rate increase, water/sewer rates will increase three percent this year.

In closing, I want to reinforce my commitment to put forth only those proposals that have been sufficiently planned, including the development of accurate cost estimates and the identification of outside funding sources.

My proposals, highlighted in the pages immediately following and detailed in my specific FY05-10 recommendations for projects of County Government, MCPS, Montgomery College, M-NCPPC, WSSC, the Housing Opportunities Commission, and the Revenue Authority, capture the priorities of my administration. Many people have helped to shape the

Steven A. Silverman
January 15, 2004
Page 5

recommendations I bring to you in this budget. I appreciate their efforts and commend their contributions to you. As always, Executive Branch staff are available to assist you in your deliberations on the Capital Budget and CIP. I wish to thank the members of the regional Citizens' Advisory Boards (CABs), the Board of Education, the College Trustees, the WSSC Commissioners, and the Planning Board for their work. I look forward to discussing with you any policy matters or major resource allocation issues that arise this spring.

DMD:mdl

Under separate cover:

MCPS: Superintendent's Recommended FY 2005 Capital Budget and FY 2005 - FY 2010 Capital Improvements Program, and Board of Education Requested FY2005 Capital Budget and FY 2005 to FY 2010 Capital Improvements Program

Montgomery College: Montgomery Community College Proposed FY2005 Appropriation Request as part of a Proposed FY2005-2006 Biennial Capital Budget and Proposed FY2005-2010 Capital Improvements Program, November 17, 2003.

M-NCPPC: Proposed FY05-10 Capital Improvements Program, December, 2003

WSSC: Proposed Six-Year Capital Improvements Program Fiscal Years 2005 – 2010, September 17, 2003